



Home of the Tualatin River National Wildlife Refuge

RESOLUTION 2011-025

A RESOLUTION OF THE CITY OF SHERWOOD AUTHORIZING THE ISSUANCE OF FULL FAITH AND CREDIT OBLIGATIONS AND GENERAL OBLIGATION REFUNDING BONDS

WHEREAS, Oregon Revised Statutes (“ORS”) Section 271.390 permits the City of Sherwood, Oregon (the “City”) to enter into financing agreements to finance real or personal property that the City council determines is needed and issue “certificates of participation” or “full faith and credit obligations”; and,

WHEREAS, the City now finds it financially feasible and in the best interests of the City to authorize the issuance of full faith and credit obligations in one or more series to finance or refinance: the projects financed with the City’s \$10,000,000 line of credit originally issued on May 17, 2006 (the “Water Line”), and improvements and expansion of the City’s water system, including remaining segments of the transmission line from the treatment plant to the City, improvements required at the treatment plant and engineering and other costs associated with the projects (collectively, the “Projects”); and,

WHEREAS, federal tax law requires an issuer of tax-exempt obligations to declare its intention if the issuer expects to spend its funds on a project and later reimburse itself for those expenditures from the proceeds of tax-exempt obligations; and,

WHEREAS, the City reasonably expects to reimburse the expenditures it incurs for the Projects from the proceeds of obligations authorized by this resolution; and,

WHEREAS, the City is authorized by ORS 287A.360 to issue refunding bonds to refund outstanding bonds; and,

WHEREAS, it may benefit the City and its taxpayers to refund all or any portion of the City’s outstanding General Obligation Bonds, Series 2001 (the “2001 Bonds”) for debt service savings;

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1. 2011 Financing Agreement Authorization and Determination of Need.

The City hereby authorizes the issuance of not more than Fourteen Million Two Hundred Thousand Dollars (\$14,200,000) in aggregate principal amount of full faith and credit financing agreements under ORS 271.390 (the “2011 Financing Agreements”). The proceeds of the 2011 Financing Agreements may be used to finance and refinance costs of the Projects and to finance costs related to issuing the 2011 Financing Agreements. The Council hereby determines that the Projects that have already been financed were needed when they were financed and remain needed. The Council further determines that the Projects that have not been financed are needed.

Section 2. 2011 Financing Agreement Security.

The 2011 Financing Agreements shall constitute unconditional obligations of the City, which are payable from all legally available funds of the City. The City may pledge the City's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay amounts due under the 2011 Financing Agreements.

The City expects to repay the 2011 Financing Agreements from revenues of the City's water system but does not expect to pledge those revenues to secure the 2011 Financing Agreements.

Section 3. 2011 Refunding Bond Authorization.

The City hereby authorizes the issuance of refunding general obligation bonds under ORS 287A.360 to refund all or any portion of the outstanding 2001 Bonds (the "2011 Refunding Bonds"). The net proceeds of the 2011 Refunding Bonds shall not exceed the amount required to redeem the 2001 Bonds that are refunded, plus any amounts required to pay costs of the refunding, rounded upward to allow principal to mature in multiples of \$5,000.

Section 4. 2011 Refunding Bond Security.

The 2011 Refunding Bonds shall be general obligations of the City. The City pledges its full faith and credit to pay principal and interest due on the 2011 Refunding Bonds and the City covenants for the benefit of owners of the 2011 Refunding Bonds that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the principal and interest on the 2011 Refunding Bonds when due.

Section 5. Delegation.

The City Manager, City Finance Director or person designated by the city council to act on behalf of the City under this resolution (each of whom is referred to herein as a "City Official"), is hereby authorized on behalf of the City and without further action by the City Council, to:

- (1) Negotiate, execute and deliver one or more 2011 Financing Agreements for the Projects which obligate the City to repay the financed amounts with interest. Subject to the limitations of this resolution, the 2011 Financing Agreements may be in such form and contain such terms as the City Official may approve, including covenants for the benefit of lenders and credit enhancement providers.
- (2) Negotiate, execute and deliver one or more escrow agreements or similar documents (the "Escrow Agreements") which authorize the Escrow Agent to issue "full faith and credit obligations" or "certificates of participation" (the "2011 Obligations") and which represent ownership interests in the loan payments due from the City under the 2011 Financing Agreements. Subject to the limitations of this resolution, the Escrow Agreements and each series of 2011 Obligations may be in such form and contain such terms as the City Official may approve, including covenants for the benefit of lenders and credit enhancement providers.
- (3) Authorize the sale and issuance of the 2011 Refunding Bonds, 2011 Financing Agreements and 2011 Obligations (collectively, the "2011 Borrowings") in multiple series which may be sold at the same or at different times.

- (4) Solicit competitive bids for the purchase of any series of the 2011 Borrowings and award their sale to the bidder offering the most favorable terms to the City, select one or more underwriters, negotiate the terms of the sale of any series of 2011 Borrowings, and sell that series to those underwriters, or place the 2011 Borrowings with one or more lenders.
- (5) Participate in the preparation of, authorize the distribution of, and deem final, the preliminary and final official statements and any other disclosure documents for the 2011 Borrowings.
- (6) Establish the final principal amount, maturity schedule, interest payment dates, interest rates, denominations and all other terms for the 2011 Borrowings.
- (7) Undertake to provide continuing disclosure for the 2011 Borrowings in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- (8) Apply for ratings for the 2011 Borrowings.
- (9) Apply for and purchase municipal bond insurance or other forms of credit enhancements for the 2011 Borrowings, and enter into related agreements.
- (10) Appoint and enter into agreements with paying agents, verification agents, escrow agents and other professionals and service providers.
- (11) Enter into covenants to maintain the tax status of the 2011 Borrowings under the Internal Revenue Code of 1986, as amended (the "Code") or issue 2011 Borrowings as taxable borrowings.
- (12) Designate any of the 2011 Borrowings as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code, if applicable.
- (13) Enter into additional covenants for the benefit of the purchasers of the 2011 Borrowings which the City Official determines are desirable to sell the 2011 Borrowings on favorable terms.
- (14) Enter into one or more escrow deposit agreements for the 2011 Refunding Bonds and take actions to call, defease and redeem the 2001 Bonds.
- (15) Enter into one or more bond declarations for the 2011 Refunding Bonds to memorialize the terms of the refunding.
- (16) Take actions to repay amounts due under the Water Line from 2011 Financing Agreement proceeds and close the Water Line.
- (17) Execute and deliver any agreements or certificates and take any other action in connection with the 2011 Borrowings that a City Official finds will be advantageous to the City.

Section 6. Reimbursement.

The City Council declares its official intent to reimburse its expenditures on the Projects with the proceeds of the 2011 Financing Agreements and 2011 Obligations authorized by this resolution. The City Official is authorized to make future declarations of intent to reimburse under Section 1.150-2 of the Federal Income Tax Regulations or similar laws, on behalf of the City and without further action by the

City Council. All such future declarations shall be in writing and the original or a certified copy of each declaration shall be maintained in the public records of the City.

Section 7. Effective Date.

This resolution is effective immediately upon its passage.

DATED this 15th day of March 2011.

City of Sherwood, Oregon


Keith S. Mays, Mayor

Attest:


Sylvia Murphy, CMC, City Recorder